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SUBJECT: SALVADORAN MINISTER OF AGRICULTURE'S NOVEMBER 8-14 VISIT TO THE U.S.

¶1. (SBU) SUMMARY: With national policies promoting the use of genetically modified organisms (GMOs) and biofuels stalled in the GOES, the November 8-14 visit of El Salvador's Minister of Agriculture and Livestock (MAG), Manuel Sevilla, to Iowa and Washington, will provide an excellent opportunity to advance U.S.-El Salvador bilateral goals in these areas. The Minister is also interested in expanding agricultural trade under CAFTA, although the private sector indicates the most significant barrier to increased trade is the lack of production capacity, and not sanitary or other regulatory hurdles. The visit will shape the domestic policy in El Salvador, where the forward-leaning Ministry of Agriculture is working to achieve consensus on GMO and biofuels policies. End Summary.

¶2. (SBU) Minister Sevilla will begin his USDA-sponsored trip with a visit to Pioneer Hi-Bred in Iowa, where he will tour installations and discuss the use and regulation of GMO seeds. Pioneer is also offering separate presentations and site visits to the Minister concerning biofuels and livestock nutrition. In Washington, the Minister is scheduled to meet with USDA Secretary Vilsack, Assistant USTRs Everett Eissenstat and Jim Murphy, and AA/LAC Janet Ballentyne. He also hopes to meet with senior economic officials from the Department of State.

APPROVAL OF GENETICALLY MODIFIED ORGANISMS

¶3. (SBU) During the previous government, El Salvador agreed to work with Pioneer and the GOES's National Center for Agricultural Technology (CENTA) to scientifically assess the performance in pilot plots of three types of GMO corn: Yieldgard, Roundup Ready, and Herculex 1. In May, 2009, the findings of the report were presented to the Ministry of the Environment for its ratification of report's favorable findings. To date, the Ministry of the Environment has not concurred with the report, effectively stalling the implementation of a comprehensive national policy. The tour of Pioneer Hi-Bred's facilities in Iowa offers an opportunity to jump-start El Salvador's domestic debate, and interactions with U.S. officials in Washington in support of a modern biotech policy would be timely and useful to the Minister.

¶4. (SBU) Recent conversations with Ministry of Environment and MAG officials indicate there is some support in the GOES for using the CENTA as a clearinghouse for the restricted distribution of GMO seeds to the marketplace. Concerns over the market dominance of large foreign firms, and to a lesser extent, the genetic contamination of domestic seed lines appear to be driving this option. Other officials are pushing for more robust research into the potential benefits of indigenous seed lines and how they may be

developed as an alternative to GMO products.

PROMOTING THE USE OF BIOFUELS

15. (SBU) While El Salvador exports ethanol to the U.S. under CAFTA through the substantial transformation (dehydration) of Brazilian ethanol, there is very little domestic production. In 2007, El Salvador was selected as one of four countries to receive assistance from the U.S.-Brazil Biofuels Partnership, in an effort to spur domestic production and consumption of biofuels. Despite its membership in the biofuels partnership, the establishment of a domestic policy promoting the use and production of biofuels has been elusive. Domestic sugar producers assert they cannot make the investment needed to expand ethanol production without legislation requiring 10 percent ethanol content in gasoline sold in the country. Recent developments, including the establishment of an interagency domestic council on energy, which includes a biofuels directorate, are positive. Debate over the biofuels policy center on the Ministry of Environment's concern that the mandate for ethanol will result in an increase in sugar production, a commitment in land and resources the Environmental Ministry would like to study further. The El Salvador Sugar Association claims it can meet the projected demand for ethanol at current production levels and no increase in hectares planted.

Increased CAFTA Trade

16. (SBU) Minister Sevilla is very interested in increasing CAFTA trade in agricultural goods. While potential bottlenecks associated with the regulatory and equivalent inspection regime in El Salvador are problematic, other issues are more pressing. During a private sector breakfast hosted by the Charge, representatives of El Salvador's leading agricultural trade associations indicated that production limitations were the biggest barrier to increasing agricultural trade under CAFTA. In late October, Minister Sevilla told AgAttache and EconCouns that improving access to credit for farmers is a priority for his government. The Minister added that he is seeking technical assistance, an agreement, or a grant to create and promote an "intermediary window" to take large loans and provide smaller lines of credit to individual farmers. The Minister expressed appreciation for the myriad of USG programs tied to trade capacity building, increasing agricultural production, and improving the lives of farmers and their families.

17. (SBU) COMMENT: Minister Sevilla is one of Funes's pragmatic, non-FMLN ministers, but he has little experience with agriculture. He has demonstrated the willingness to advancing bilateral policy goals related to GMOs and biofuels, and he appropriately seeks to maximize the benefits of CAFTA for Salvadoran farmers. The new GOES is only now beginning to take action on these issues, and the domestic political debate includes concerns from hard-line elements opposed to GMOs, increased sugar production, and development, in general. The Minister's trip to the U.S., including his high-level meetings with the USG, will pay rich dividends by helping Sevilla clearly advocate policy positions in our mutual bilateral interests.
END COMMENT.

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